

<b>ACF</b>  <b>Administration</b>  <b>for Children</b>  <b>and Families</b>	<b>U.S. Department of Health and Human Services</b>	
	<b>1. Log No:</b> CCDF-ACF-PI-2021-05	<b>2. Issuance Date:</b> Nov. 3, 2021
	<b>3. Originating Office:</b> Office of Child Care	
	<b>4. Key Words:</b> Child Care and Development Fund (CCDF), ACF-696, Financial Reporting, States and Territories	

### PROGRAM INSTRUCTION

**TO:** State and Territory Child Care and Development Fund (CCDF) lead agencies administering child care programs under the Child Care and Development Block Grant Act of 1990 (the CCDBG Act), as amended, and other interested parties.

**SUBJECT:** Approved Revised Form ACF-696, the Financial Reporting Form for CCDF.

**REFERENCES:** The Child Care and Development Block Grant (CCDBG) Act of 1990 as amended; section 418 of the Social Security Act; 45 CFR Parts 98 and 99; Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA) Act (Pub. L. 116-260); American Rescue Plan (ARP) Act (Pub. L. 117-2).

**PURPOSE:** This Program Instruction distributes the revised Form ACF-696 CCDF Financial Report, which was approved by the Office of Management and Budget (OMB) under OMB Control Number 0970-0510.

**BACKGROUND:** State and territory CCDF lead agencies use the Financial Report Form ACF-696 to report CCDF expenditures. Authority to collect and report this information is found in section 658G of the Child Care and Development Block Grant Act of 1990, as revised. In addition to the Program Reporting Requirements set forth in 45 CFR Part 98, Subpart H, the regulations at 45 CFR 98.65(g) and (h) and 98.67(c)(1) authorize the Secretary to require financial reports as necessary.

States are required to use the Form ACF-696 to report expenditures for the three funding streams that comprise the CCDF-- Mandatory, Matching, and Discretionary. Territories are required to use the Form ACF-696 to report expenditures for Discretionary and Mandatory funds only. In addition, the Form ACF-696 provides specific data regarding claims and provides a mechanism for states and territories to request

redistributed and reallocated child care grant awards and to certify the availability of state Matching funds.

The Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act appropriated \$10 billion in CCDF supplemental Discretionary funds to provide states, territories, and tribes participating in CCDF the opportunity and resources necessary to respond to the unprecedented challenges faced by children, families, and child care providers during the novel coronavirus 2019 (COVID-19) public health emergency. These funds are available to states and territories until September 30, 2023.

The American Rescue Plan (ARP) Act appropriated funding for child care through three funding streams. These include \$14,990,000,000 for CCDF supplemental Discretionary funds, available until September 30, 2024; \$23,975,000,000 for child care stabilization grants, available until September 30, 2023; and \$3,550,000,000 in Mandatory and Matching funding for CCDF, a permanent annual appropriation. The ARP Act authorized Mandatory funds for territories for the first time.

**REVISIONS:**

**Expenditures for Supplemental CCDF Program Funds:** ACF revised the Form ACF-696 and completion instructions to include reporting on supplemental CCDF program funds made available by the CRRSA Act and the ARP Act. The supplemental Discretionary funds have been added to the report form with the same expenditure categories as other CCDF program funds (i.e., direct services, quality activities and infant/toddler quality activities, program administration, and non-direct services).

**Expenditures for ARP Act Stabilization Funds:** The ARP Act stabilization funds have different reporting categories: 1) subgrants to providers and 2) set aside amounts. States and territories may use up to 10 percent of the ARP Act stabilization funds for subgrant administration, systems, technical assistance (TA) for applications and implementation, publicity, and activities to build supply. States and territories will need to report ARP Act stabilization funds used for these activities.

**Reporting the ARP Act Stabilization Funds Obligation Target:** The ARP Act requires CCDF lead agencies to notify the Secretary of Health and Human Services if they are unable to obligate at least 50 percent of the funds that are available for subgrants within 9 months of enactment of the law, which is December 11, 2021. Guidance for states and territories to report this information in December 2021 is forthcoming. In addition, the Form ACF-696 for the reporting period ending December 31, 2021, has been revised to ask, "Was the state or territory

unable to obligate at least 50 percent of the CCDF stabilization grants by December 11, 2021?” States and territories should respond to this question on the Form ACF-696 according to the obligation status of their ARP Act stabilization funds on December 11, 2021, even if the state or territory has subsequently obligated 50 percent of the ARP Act stabilization funds available for subgrants since December 11, 2021. Responses to these questions should be consistent with the information states and territories provide OCC in December 2021.

**Calculating the ARP Act Stabilization Funds Obligation Target:**

The ARP Act allows state and territory CCDF lead agencies to set aside up to 10 percent of the ARP Act stabilization funds for administrative expenses, supply building, and technical assistance. Program funds that CCDF lead agencies set aside for these activities should not be included in calculations for the obligation target (i.e. the target of obligating at least 50 percent by December 11) since the obligation target only applies to the amount used for provider subgrants. For example, if a CCDF lead agency was awarded \$10 million in ARP Act stabilization funds, they could set aside up to \$1 million for administrative expenses, supply building, and technical assistance. In this case, the obligation target would be 50 percent of the amount available for subgrants (i.e., 50 percent of \$9 million). OCC recognizes that CCDF lead agencies may have not yet determined the amount to set aside for these activities and recommends that CCDF lead agencies use their best estimate in calculating the funds that are available for subgrants.

**Mandatory Funds for Territories:** The ARP Act authorized Mandatory funds for territories for the first time. Any unobligated portion of a territory’s Mandatory funds at the end of the fiscal year will be redistributed among requesting territories. In order to request redistributed Mandatory funds, territories must indicate this on the Form ACF-696 for the reporting period ending September 30, 2021. This option will not be available in the Online Data Collection (OLDC) system by the deadline to submit the Form ACF-696 for the reporting period ending September 30, 2021. Once the OLDC system is updated, territories requesting to receive redistributed Mandatory funds will need to update their quarter-end reporting by re-submitting a new report (see ACF-696 completion instructions for more details).

**SUBMISSION:**

Form ACF-696 is available for electronic submission in accordance with the Government Paperwork Elimination Act of 1998. Instructions for access to the electronic submission can be obtained from the appropriate Regional Office.

The programming of the CRRSA Act revisions in the Online Data Collection (OLDC) system was completed on October 18, 2021. The

regular due date for Lead Agencies to report CCDF expenditures is 30 days after the end of the quarter. Lead Agencies who (1) reported non-CRRSA Act CCDF expenditures prior to the changes in the OLDC system and (2) incurred CRRSA Act CCDF expenditures prior to July 1, 2021, need to update their quarter-end reporting by creating a revised report (see ACF-696 instructions for more details).

Additional programming of the ARP Act funding in the OLDC system is ongoing. An announcement will be disseminated when these changes are available to respondents on the OLDC. Lead Agencies who incurred ARP Act CCDF supplemental and stabilization expenditures prior to September 30<sup>th</sup>, 2021, will need to update their quarter-end September 30, 2021 report by resubmitting a report once ARP Act reporting is available in OLDC. Reporting content to be revised in the OLDC system includes:

- ARP Act Supplemental expenditures,
- ARP Act Stabilization expenditures for subgrants,
- ARP Act Stabilization set-aside expenditures for administration, and technical assistance,
- December 11 obligation target,
- Mandatory expenditures for territories, and
- Request for Mandatory redistribution for territories.

**NON-  
REPORTING  
PENALTIES:**

Failure to submit the ACF-696 report on or before the due date may be a basis for withholding financial payments, suspension, or termination.

**INQUIRIES:**

Inquiries should be directed to the appropriate ACF Regional Office.

**ATTACHMENTS:**

- A. A copy of Form ACF-696
- B. Instructions for completing Form ACF-696
- C. Contact information for ACF Regional Grants Staff

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